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Markell, Biden Put Funds to Work Helping Delaware Homeowners

Dover – Delaware Gov. Jack Markell and Attorney General Beau Biden announced a plan today that will use the funds the state is receiving from the National Mortgage Foreclosure Settlement to help Delawareans who have been hurt by the housing crisis.

Overall, Biden's office secured \$45 million for Delaware in the settlement –\$11.7 million paid directly to the state and \$35 million provided by banks to current and former homeowners to reduce principal mortgage loans, pay off second mortgage loans and waive deficiencies in short sales and fund refinancing to underwater homeowners who are current on their mortgages, as well as payments to individual Delaware homeowners who have been foreclosed upon.

The \$11.7 million proposal has the approval of the legislature's Joint Finance Committee and includes the \$10.7 million paid to the Department of Justice and \$1 million paid to the State Banking Commissioner's office in the settlement. The settlement was the result of an 18-month investigation by state Attorneys General into widespread mortgage servicing fraud by five of the nation's largest banks.

"Foreclosures hurt more than just the families that lose their homes, they affect entire neighborhoods and the economy," Markell said. "This proposal will help keep people in their homes."

"The recovery of the housing market is the best way to keep the economy moving forward, but it won't happen without help for homeowners facing foreclosure," Biden said. "A foreclosure not only ruins the financial life of the borrower, but also causes neighboring home values to plummet, and leaves communities with vacant properties that are magnets for crime. We're putting the funds my office secured to work helping Delawareans avoid foreclosure, strengthening our housing market and revitalizing our economy."

Specifically, the Governor's and Attorney General's plan will allocate:

- \$4 million to the Delaware Emergency Mortgage Assistance Program to assist homeowners in reworking their financial arrangements with banks. DEMAP will work with stakeholders to leverage this funding with the \$35 million in assistance to Delaware homeowners that the five participating banks are providing as part of the national settlement.
- \$3.5 million to fund housing counselors and outreach and education programs for homeowners. This funding will support the hiring or retention of housing counselors for a period of two to three years and ensure counseling capacity is available to help 6,000 homeowners. These funds are in addition to the existing counselors that are supported by federal, state, and private funding sources.

This funding would also allow the state to assemble an outreach plan to raise the awareness of homeowners in distress of the programs and resources available to them, including community events, public service announcements, foreclosure-preventions forums, media advertising and the development of written materials for homeowners.

- \$2.75 million to the Attorney General's office for continuing financial fraud investigation and enforcement initiatives.
- \$888,923 in grants to support legal representation for borrowers facing foreclosure. The grants will go to the Community Legal Aid Society, Delaware Volunteer Legal Services and the Legal Services Corporation to ensure banks are dealing fairly with borrowers. Homeowners are more likely to avoid foreclosure when they are represented by an attorney.
- \$500,000 to Delaware's new Mortgage Mediation Program, which was enacted into law after being proposed by Biden last year to ensure that borrowers can have a meaningful face-to-face conversation with a lender about alternatives to foreclosure.

Delaware has experienced 26,000 foreclosures in the past five years, and the number of homes sold at sheriff's sales increased 35 percent from 2010 to 2011. Nationally, there have been more than 10 million foreclosures in the past five years.

The entire National Mortgage Foreclosure Settlement totals \$25 billion and includes significant money that will come in the form of loan modifications and other borrower relief offered by the participating banks to homeowners. For more information, homeowners can visit <http://nationalmortgagesettlement.com/>

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